Leather & Footwear: 2026 Budget Changes

Sector / Sub-Vertical	Specific Item	Pre-2026 Position	Post-2026 Budget	Reference
Footwear & Apparel	Finished Leather Footwear	Subject to an 80% Supplementary Duty.	Maintained at 80% SD to enforce local manufacturing and assembly.	Finance Act, 2026 (First Schedule)
Tannery Operations	Leather Treatment Chemicals	Subject to fluctuating standard RD and CD.	5% RD established; specific leather industry chemicals fully exempt from RD.	SRO No. 248-Ain/2026/78/Customs
Leather & Footwear Export Incentives	Export cash incentive for footwear and bags made of synthetic and fabric blends	Flat 8.00% export cash incentive applied uniformly, with no conditional breakdown.	Divided into two conditional rates: 8% if duty bond/draw-back facilities are not availed; 2% if availed.	FEPD-1 Circular No. 17: Export Subsidy/Cash Incentive for the financial year 2026-2027